



24 CFR Part 201

[Docket No. FR-6207-P-01]

RIN 2502-AJ52

Indexing Methodology for Title I Manufactured Home Loan Limits

AGENCY: Office of the Assistant Secretary for Housing – Federal Housing Commissioner, Housing and Urban Development (HUD).

ACTION: Proposed rule.

SUMMARY: Section 2145 of the Housing and Economic Recovery Act of 2008 amended the maximum loan limits for manufactured home loans insured under Title I of the National Housing Act and required regulations to implement future indexing of the loan limit amounts for manufactured homes originated under the Manufactured Home Loan program and the Property Improvement Loan program. This proposed rule would establish indexing methodologies using data from the United States Census Bureau to annually calculate the loan limits for Manufactured Home Loans, Manufactured Home Lot Loans, and Manufactured Home and Lot Combination Loans (“Combination Loans”) insured under Title I of the National Housing Act for the Manufactured Home Loan program.

DATES: *Comment due date:* [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: HUD invites interested persons to submit comments to the Office of the General Counsel, Regulations Division, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410-0500. Communications should refer to the above docket number and title and should contain the information specified in the “Request for Comments” section. There are two methods for submitting public comments.

1. Submission of Comments by Mail. Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th

Street SW., Room 10276, Washington, DC 20410-0500. Due to security measures at all Federal agencies, however, submission of comments by mail often results in delayed delivery. To ensure timely receipt, HUD recommends that comments be mailed at least two weeks in advance of the public comment deadline.

2. Electronic Submission of Comments. Comments may also be submitted electronically through the Federal eRulemaking Portal at *www.regulations.gov*. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make comments immediately available to the public. Comments submitted electronically through the website can be viewed by other commenters and interested members of the public. Commenters should follow instructions provided on that site to submit comments electronically.

Note: To receive consideration as public comments, comments must be submitted using one of the two methods specified above. Again, all submissions must refer to the docket number and title of the notice.

No Facsimile Comments. Facsimile (fax) comments are not acceptable.

Public Inspection of Comments. All comments and communications submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address. Due to security measures at HUD Headquarters, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at 202-708-3055. This is not a toll-free number. Individuals can dial 7-1-1 to access the Telecommunications Relay Service (TRS), which permits users to make text-based calls, including Text Telephone (TTY) and Speech to Speech (STS) calls. Copies of all comments submitted are available for inspection and downloading at: *www.regulations.gov*.

FOR FURTHER INFORMATION CONTACT: Kevin Stevens, Department of Housing and Urban Development, 451 7th St SW, Room 9266, Washington DC 20410-4000; telephone

number 202- 402-2378 (this is not a toll-free number). Individuals can dial 7-1-1 to access the Telecommunications Relay Service (TRS), which permits users to make text-based calls, including Text Telephone (TTY) and Speech to Speech (STS) calls.

SUPPLEMENTARY INFORMATION:

I. Background

Title I of the National Housing Act authorizes the Secretary of HUD to insure, through the Federal Housing Administration (FHA), loans made by FHA-approved lenders to eligible borrowers to finance the purchase, refinance, or improvement of a manufactured home, with or without the lot. HUD insures these loans under HUD's Property Improvement Loan program and HUD's Manufactured Home Loan program. FHA insures the lender against loss if the borrower defaults. A Title I Manufactured Home Loan may be used for the purchase or refinancing of a manufactured home, a lot on which to place a manufactured home, or a manufactured home and lot in combination. The manufactured home must be used as the principal residence of the borrower. Applicable loan limits and requirements are codified in 24 CFR part 201.

Section 2117 of the Housing and Economic Recovery Act of 2008 (HERA)¹ added the definition of real estate to include all natural resources and structures permanently affixed to the land, amended the maximum loan limits for manufactured home loans and certain property improvement loans insured under Title I of the National Housing Act, and required future changes to the amounts for manufactured home loans to be made through regulation. HERA also stipulated that the Secretary develop a metric that uses United States Census Bureau ("Census Bureau") data² on manufactured home prices to calculate an index for adjusting loan limits in the future.

¹ Pub. L. 110-289, 2117, 122 Stat. 2654, 2844-45 (2008).

² See generally, U.S. Commerce Department, Census Bureau data on manufactured homes, available at: www.census.gov/programs-surveys/mhs.html.

In compliance with HERA, on March 3, 2009, HUD published Title I Letter TI-480³ notifying lenders of the new statutory loan limits. HUD also noted in that Title I Letter the need for the Secretary to develop an indexing method that would determine future loan limits. HUD regulations still reflect the outdated, pre-HERA Loan Limits. Initially after HERA's enactment, Census Bureau data showed a decline in home prices. However, for compliance with HERA, HUD did not lower loan limits and the limits were kept at the threshold set under HERA. The outdated Loan Limits, and the 2008 Loan Limits currently in effect as described in the Title I letter are outlined below:

Table 1: Loan Limits under HERA compared to pre-HERA Loan Limits			
Title I Loan Program Name	Eligible Loan Name for Property Type	Loan Limits prior to HERA	2008 Loan Limit Basis per HERA Currently in Effect
Property Improvement Loan Program	Manufactured Home Improvement Loan for units classified as real estate	\$7,500	\$25,090
Manufactured Home Loan Program	Manufactured Home Loan (unit only)	\$48,600	\$69,678
	Manufactured Home Lot Loan (lot only)	\$16,200	\$23,226
	Manufactured Home and Lot (Combination Loan)	\$64,800 (\$48,600 + \$16,200)	\$92,904 (\$69,678 + \$23,226)

HUD has developed preliminary indexes on which future loan limits could be annually adjusted. This methodology uses Census Bureau data, as required by HERA. The indexes for Title I unit-only loan limits would rely on the Census Bureau's Manufactured Housing Survey, which collects manufactured home sale prices for units that are sold (or intended to be sold) for residential use. At this time, it does not collect prices for land or lot sales or costs for home improvements, as it relates to manufactured housing. However, the Census Bureau's New Residential Sales data do provide estimates of the median price of newly constructed single-

³ "Increased Maximum Loan Limits for Title I Manufactured Home Loans," https://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/letters/title1.

family homes, which includes the value of the lot. For compliance with the HERA statute, the index for Title I Lot Loan limits would be based on Census Bureau data on prices for newly constructed single-family homes with land.

II. Proposed Rule

As required by HERA, this proposed rule would update the loan limits in § 201.10 to establish an index for which future loan limits would be revised through notice. HUD is also proposing to amend the definition of “manufactured home” in § 201.2 to conform to the loan limit change. HUD proposes to index loan limits based on sale prices, unit sizes, and property data collected by the Census Bureau. HUD seeks comments on the proposed indexes and methodology for the different loan types. Further, commenters are invited to suggest whether the methodology should include an additional or alternative index for specific loans and how they could better represent adjustment in the loan limits.

HUD proposes to establish separate indexing methodologies to annually calculate future loan limits for manufactured home loans, manufactured home lot loans, and manufactured home and lot combination loans under the Manufactured Home Loan program. HUD assigns “Index 100” to the loan limit amounts enacted by HERA, as shown in Table 3 of this preamble.

First, the proposed rule would create a dual index based on purchase prices of manufactured homes, which are collected by the Census Bureau. The dual index would distinguish purchase prices based on the number of sections that make up a home. An index for single-section manufactured homes would use only single-section home sale data. A separate index for double- and multi-section manufactured homes would use only double-section home sale data.⁴ This would allow HUD to apply loan limits which more closely reflect the prices of homes with one section (single-section) and homes with more than one section (double or multi-section).

⁴ For an example of the latest data according to Census, see “MHS Latest Data,” <https://www.census.gov/data/tables/time-series/econ/mhs/latest-data.html>.

HUD proposes to adjust loan limits for single-section and double or multi-section manufactured home loans annually based on changes to indexes for the average price of single-section and double-section manufactured homes, respectively. To determine each index, HUD proposes to use the average price data for the most recent 12 months available at the time HUD calculates the adjustment, weighted according to the number of manufactured units shipped during that same period. Each index would be calculated separately, using shipping and price data for single-section units for the single-section index and shipping and price data for double-section units for the double- or greater section index. Consistent with HERA, HUD would not decrease loan limits even if an annual index reflects a decline.

Second, HUD proposes creating an index for Manufactured Home Lot Loans based on median home prices in Census Bureau’s New Residential Sales data.⁵ Since these estimates reflect sales of newly constructed single-family housing including land, they are a suitable general indicator of the movement of prices for land to be financed with Manufactured Home Lot Loans. HUD would set Manufactured Home Lot Loan limits annually by indexing the loan limit established by HERA in 2008 to the growth in median new home prices.

Finally, the loan limit for manufactured home and lot Combination Loans would be determined by adding the manufactured home lot loan limit to either the single- or double-section loan limit, depending on the home.

HUD’s proposed indexes are demonstrated in table 2 of this preamble:

Table 2: Proposed Index Methodologies for Title I Manufactured Home Loan Limits	
Three Eligible Loan Types	Proposed Methodology/Index
1. Manufactured Home Loan (<i>Home only</i>)	<ul style="list-style-type: none"> Single-Section Index for single-section homes: average single-section home price with future indexing based on movement in single-section home prices <i>or</i> Double Section Index for homes composed of two or more sections: average double-section home price with

⁵ The New Residential Sales data come from Census’s Survey of Construction. More information can be found here: www.census.gov/construction/nrs/index.html.

	future indexing based on movement in double-section home prices*
2. Manufactured Home Lot Loan (<i>Lot only</i>)	Manufactured Home Lot Loan limit indexed using changes in the median new home price*
3. Manufactured Home and Lot Loan (<i>Combination Loan</i>)	Manufactured Home and Lot Combination indexed using the Manufactured Home Lot Loan Index, <u>plus</u> the applicable index for sections in a Manufactured Home <ul style="list-style-type: none"> • Single-Section Index for single-section homes, <i>or</i> • Double Section Index for homes composed of more than one section.
* Single-and double-section price averages based on data at: www.census.gov/data/tables/time-series/econ/mhs/latest-data.html . The median new home price comes from: www.census.gov/construction/nrs/historical_data/index.html .	

Table 3 below shows examples of the loan limits, based on recent data from Census Bureau.

Table 3: Example Loan Limits – Title I Manufactured Home Loan Program					
Title I Loan Program Name	Description of Property	Future Index Methodology	Current Limits (per HERA)	Example 2022 Loan Limits (Based on 2021 Census data)	
				Index	Loan Limit
Manufactured Home Loan Program	Single-section Manufactured Home (unit only)	Indexed to average single-section manufactured home price. <i>Note 1</i>	\$69,678	104.2	\$72,600
Manufactured Home Loan Program	Double- or greater-section Manufactured Home (unit only)	Indexed to average double-section manufactured home price. <i>Note 1</i>	\$69,678	189.4	\$132,000

Manufactured Home Loan Program	Manufactured Home Lot (lot only)	Indexed to median sales price for new single-family homes. <i>Note 2</i>	\$23,226	160.2	\$37,205
Manufactured Home Loan Program	Single-section Manufactured Home and Lot (Combination Loan)	Limit for Single-Section + Limit for Lot Loan	\$92,904 (69,678 + 23,226)	NA	\$109,805 (72,600 + 37,205)
Manufactured Home Loan Program	Double- or greater-section Manufactured Home and Lot (Combination Loan)	Limit for Double- or Multi-Section + Limit for Lot Loan	\$92,904 (69,678 + 23,226)	NA	\$169,205 (132,000 + 37,205)

Table 3 Notes:

1. Indexing to occur at the beginning of each year, based on the weighted average price data for the most recent 12 months available from the Manufactured Housing Survey.
2. Indexing to occur at the beginning of each year, based on the median sales price of the most recent 12 months available from the New Residential Sales data.

As discussed in the proposed § 201.10(h), HUD would annually adjust future loan limits using the above methodology and post new loan limits, including an explanation of the calculation by notice, such as through a Title I letter and on HUD.gov.

III. Manufactured Home Improvement Loans

This proposed rule does not propose an index for Manufactured Home Improvement Loans, which are insured under regulations for the Property Improvement Loan program. While HERA authorized adjustments to the limit of loans that finance improvements to manufactured

homes under the Property Improvement Loan program, that authorization was not extended to site-built condominiums, townhomes, or detached dwellings. HUD does not believe any existing Census Bureau data fully reflect changes in the manufactured housing property improvement loan market. Therefore, the implementation of HERA regarding Manufactured Home Improvement Loans would be subject to inaccuracy. Additionally, setting different loan limits for only this subset of the broader Property Improvement Loan program would cause complication, as the program and market for property improvements makes no other differentiation between improvements to manufactured homes vs. non manufactured homes. Therefore, HUD intends to publish an advanced notice of proposed rulemaking requesting public comment seeking input on implementation of a Property Improvement Loan index for manufactured homes.

Because the Manufactured Home Improvement Loan program is such a small subset of the overall Property Improvement Loan program, HUD believes that this delay in the implementation of HERA to Manufactured Home Improvement Loans would have minimal, if any, effect on the Property Improvement Loan program. However, HUD seeks comment on the impact of delaying increases to the loan limit for Manufactured Home Improvement Loans.

IV. Findings and Certifications

Regulatory Review – Executive Orders 12866 and 13563

Pursuant to Executive Order 12866 (Regulatory Planning and Review), a determination must be made whether a regulatory action is significant and therefore, subject to review by the Office of Management and Budget (OMB) in accordance with the requirements of the order. Executive Order 13563 (Improving Regulations and Regulatory Review) directs executive agencies to analyze regulations that are “outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned.” Executive Order 13563 also directs that, where relevant, feasible, and consistent with regulatory objectives, and to the extent permitted by law, agencies are to identify and

consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public.

This proposed rule has been determined to be a “significant regulatory action,” as defined in section 3(f) of the order, but not economically significant under section 3(f)(1) of the order. The docket file is available for public inspection in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC 20410-0500. Due to security measures at the HUD Headquarters building, please schedule an appointment to review the docket file by calling the Regulations Division at 202-402-3055 (this is not a toll-free number). Individuals can dial 7-1-1 to access the Telecommunications Relay Service (TRS), which permits users to make text-based calls, including Text Telephone (TTY) and Speech to Speech (STS) calls.

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) (5 U.S.C. 601 et seq.) generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities.

Accordingly, the undersigned certifies that the proposed rule will not have a significant economic impact on a substantial number of small entities. Notwithstanding HUD’s determination that this rule will not have a significant effect on a substantial number of small entities, HUD specifically invites comments regarding any less-burdensome alternatives to this rule that will meet HUD’s objectives as described in the preamble to this rule.

Environmental Impact

This proposed rule would establish and review loan limits. Accordingly, under 24 CFR 50.19(c)(6) this proposed rule is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Executive Order 13132 – Federalism

Executive Order 13132 (entitled "Federalism") prohibits an agency from publishing any rule that has federalism implications if the rule either: (i) imposes substantial direct compliance costs on state and local governments and is not required by statute, or (ii) preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. This proposed rule does not have federalism implications and does not impose substantial direct compliance costs on state and local governments or preempt state law within the meaning of the Executive order.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531-1538) (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on state, local, and tribal governments, and on the private sector. This proposed rule would not impose any Federal mandates on any state, local, or tribal governments, or on the private sector, within the meaning of the UMRA.

List of Subjects in 24 CFR Part 201

Claims, Health facilities, Historic preservation, Home improvement, Loan programs-housing and community development, Manufactured homes, Mortgage insurance, Reporting and recordkeeping requirements.

For the reasons discussed in the preamble, HUD proposes to amend 24 CFR part 201 as follows:

PART 201—TITLE I PROPERTY IMPROVEMENT AND MANUFACTURED HOME LOANS

1. The authority for 24 CFR part 201 continues to read as follows:

Authority: 12 U.S.C. 1703; 15 U.S.C. 1639c; 42 U.S.C. 3535(d).

2. Amend § 201.2 by revising the definition of “Manufactured home” to read as follows:

§ 201.2 Definitions.

* * * * *

Manufactured home means a transportable structure, comprised of one or more modules, each built on a permanent chassis, with or without a permanent foundation, designed for occupancy as a principal residence by a single family. For purposes of the annual adjustments to loan limits under this part, a manufactured home may be a single-section home comprised of one module, a double-section home comprised of two modules, or a multi-section home comprised of three or more modules. A new manufactured home shall comply with the minimum property standards prescribed by the Secretary to assure its livability and durability that are published as the Manufactured Home Construction and Safety Standards implementing the National Manufactured Housing Construction and Safety Standards Act of 1974, 42 U.S.C. 5401-5426, at 24 CFR part 3280. To qualify for a manufactured home loan insured under this part, an existing manufactured home must have been constructed in accordance with standards published at 24 CFR part 3280 and must meet standards similar to the minimum property standards applicable to existing homes insured under title II of the Act, as prescribed by the Secretary.

* * * * *

3. Amend § 201.10 as follows:

- a. In paragraph (a)(1)(i), remove “\$17,500” and add in its place “\$25,090”;
- b. Revise the introductory texts of paragraphs (b)(1) and (2), paragraph (c), the introductory texts of paragraphs (d)(1) and (2), and the introductory text of paragraph (f)(5); and
- c. Add paragraph (h).

The revisions and addition read as follows:

§ 201.10 Loan amounts.

* * * * *

(b) * * *

(1) The total principal obligation for a loan to purchase a new manufactured home shall not exceed the sum of the following itemized amounts, up to a maximum set according to an

index established by HUD in paragraph (h)(1) of this section and updated through notice which shall establish separate loan limits for single-section homes and double-section or multi-section homes:

* * * * *

(2) The total principal obligation for a loan to purchase an existing manufactured home shall not exceed the lesser of the following amounts, up to a maximum set according to an index established by HUD in paragraph (h)(1) of this section and updated through notice which shall establish separate loan limits for double-section or multi-section homes:

* * * * *

(c) *Manufactured home lot loans.* The total principal obligation for a loan to purchase and, if necessary, develop a lot suitable for a manufactured home, including on-site water and utility connections, sanitary facilities, site improvements and landscaping, shall not exceed 95 percent of either the appraised value of the developed lot (as determined by a HUD-approved appraisal) or the total of the purchase price and development costs, whichever is less, up to a maximum set according to an index established by HUD in paragraph (h)(2) of this section and updated through notice.

(d) * * *

(1) The total principal obligation for a loan to purchase a new manufactured home and a lot on which to place the home shall not exceed the sum of the following itemized amounts, up to a maximum set according to an index established by HUD in paragraph (h)(3) of this section and updated through notice which shall establish separate loan limits for single-section homes and double-section or multi-section homes:

* * * * *

(2) The total principal obligation for a Combination Loan, to purchase an existing manufactured home and lot, shall not exceed the lesser of the following amounts, up to a maximum set according to an index established by HUD in paragraph (h)(3) of this section and

updated through notice which shall establish separate loan limits for single-section homes and double-section or multi-section homes:

* * * * *

(f) * * *

(5) When a borrower's existing manufactured home is being refinanced in connection with the purchase of a manufactured home lot, the total principal obligation of the combination loan shall not exceed the lesser of the following amounts, up to the maximum established in paragraph (h)(3) of this section:

* * * * *

(h) *Annual adjustments.* HUD shall adjust the following loan limits annually through notice:

(1) In paragraphs (b)(1) and (2) of this section, the single-section manufactured home loan limit shall be adjusted to reflect changes in the average price of single-section manufactured home sales and the double-section or multi-section manufactured home loan limit shall be increased to reflect changes in double-section manufactured home sales, according to data published by the Census Bureau, except that the loan limits shall not be set below \$69,678.

(2) In paragraph (c) of this section, the manufactured home lot loan limit shall be increased to reflect changes in the average price of all single-family home sales according to data published by HUD, except that the loan limit shall not be set below \$23,226.

(3) In paragraphs (d)(1) and (2) of this section, the combination manufactured home and lot loan limits shall be increased to be the sum of the applicable loan limit for the manufactured home loan in paragraph (b)(1) of this section and the lot loan limit in paragraph (c) of this section, except that the loan limit shall not be set below \$92,904.

Julia R. Gordon,
Assistant Secretary for Housing,
FHA Commissioner.

[Billing Code: 4210-67]

[FR Doc. 2022-22535 Filed: 10/17/2022 8:45 am; Publication Date: 10/18/2022]